

Q Mountain Vista

P. O. Box 4930

Quartzsite, AZ 85359

928-927-3088

ORIGINAL



0000127616

RECEIVED

2011 JUL 19 P 1:08

July 18, 2011

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUL 19 2011

Arizona Corporation Commission

Docket Control Center

1200 West Washington Street

Phoenix, Arizona 85007

DOCKETED BY	
-------------	--

Dear Sirs,

Please find enclosed the original and thirteen copies of the Accounting Plan, Compliance Item, as required by Order of the Arizona Corporation Commission Decision #72394 dated May 27, 2011 for:

2010 RATE APPLICATION FOR WATER COMPANIES
WITH ANNUAL GROSS OPERATING REVENUES OF LESS THAN \$250,000

Q Mountain Mobile Home Park Water

Dbq Q Mountain Vista Water

W-02518A-10-227

Thank you for your assistance.

Respectfully submitted,

Robert A. Kelley Jr., President 2011 Board of Directors

Q Mountain Vista Water Company

P. O. Box 4930

Quartzsite, AZ 85359

928-927-3088

RECEIVED

2011 JUL 19 P 1:08

Docket W-02518A-10-0227

Decision #72394, Dated 5/27/11

Compliance Item

AZ CORP COMMISSION
DOCKET CONTROL

ACCOUNTING PLAN

GENERAL

Q Mountain Vista Water Company converted from a double entry cash basis accounting system to a double entry accrual basis accounting system January 1, 2011.

Q Mountain Vista prepares Balance Sheet and Income and Expense Statements monthly and closes its books each calendar year. All books of accounts, together with records and memoranda supporting the entries are kept in a manner to fully support the facts pertaining to each entry.

CHART OF ACCOUNTS

Q Mountain Vista beginning 1/1/2011 is using the attached Chart of Accounts, Exhibit A in accordance with the National Association of Regulatory Utility Commissioner's Uniform System of Accounts for Class C Water Utilities. Also attached are the USOA's definitions for Q Mountain Vista's Chart of Accounts, Exhibit B.

DEPRECIATION TABLES

Q Mountain Vista beginning 1/1/2011 is using the Typical Depreciation Rates for Water Companies recommended by the AZCC Utilities Division Memorandum dated 21 April 2000, revised 3/1/2001. This is the same depreciation rates as outlined in Table B of Staff's Engineering Report, Exhibit KS Page 9, dated 10/5/10.

CAPITALIZATION

Q Mountain Vista beginning 1/1/2011 is using \$150 as the monetary level for capitalizing versus expensing for Class C water companies. Inventories of materials and supplies will be taken at least annually and adjustments will be made to Account 151 Plant Material and Supplies to bring this account into agreement with the actual quantities on hand.

Q Mountain Vista beginning 1/1/2011 will record new meter installation to Account 334 Meters and new service line installation to Account 333 Services.

ACCOUNTS RECEIVABLE

Q Mountain Vista uses a Utility Billing software program by Harris of Tyler, Texas. UBPro tracks customers accounts and advances. Using an accrual basis of accounting, monthly water billing registers from UBPro will be posted to Account 141 Accounts Receivable, current asset account in QuickBooks, and Account 461 Metered Water Revenue and Account 474 Other Water Revenues, operating revenues accounts, as earned.

EXHIBIT A - COMPLIANCE ITEM DECISION #72394
CHART OF ACCOUNTS
Q MOUNTAIN VISTA WATER COMPANY

BALANCE SHEET

ASSETS

Current and Accrued Assets

131 Cash
141 Customer Accounts Receivable
143 Accumulated Provision for Uncollectible Accts - CR
151 Plant Material and Supplies
174 Miscellaneous Current and Accrued Assets

Fixed Assets

101 Utility Plant in Service
108 Accumulated Depreciation - Utility Plant
121 Non-Utility Property
122 Accumulated Depreciation - Non Utility

LIABILITIES

Current Liabilities

231 Accounts Payable
232 Notes Payable
235 Customer Deposits
236 Accrued Taxes
237 Accrued Interest
241 Miscellaneous Current and Accrued Liabilities

CAPITAL ACCOUNTS

211 Opening Balance
215 Retained Earnings

EXHIBIT A - COMPLIANCE ITEM DECISION #72394
CHART OF ACCOUNTS
Q MOUNTAIN VISTA WATER COMPANY

INCOME AND EXPENSE STATEMENT

Operating Revenues

460 Unmetered Water Revenue
461 Metered Water Revenue (Service, Usage)
474 Other Water Revenues
 474-1 Establish Service
 474-2 Other

Operating Expenses

601 Salaries and Wages
610 Purchased Water
615 Purchased Power (for Water Production)
620 Materials and Supplies - Repairs
621 Office Supplies and Expense
630 Contractual Services - Meter Reading
631 Contractual Services - Professional
635 Water Testing - Lab
636 Contractual Services - Other (Water Operator, Repairs)
 636-1 Water Operator
 636-2 Repair and Maintenance
640 Rents (Lease, Equipment,)
650 Transportation Expenses
655 Insurance Expense (Liability, Workman's Comp)
665 Regulatory Commission Expenses
670 Bad Debt Expense
675 Miscellaneous Expenses

403 Depreciation Expense
408 Taxes Other Than Income (TPT, Unemployment Insurance, SS Tax)
408.11 Property Taxes (Real, Utility)
409 Income Tax

Other Income/(Expense)
419 Interest and Dividend Income
421 Non-Utility Income
426 Miscellaneous Non-Utility Expenses (Depreciation of Non-Utility Plant,)
427 Interest Expense

EXHABIT A - COMPLIANCE ITEM DECISION #72394
CHART OF ACCOUNTS
Q MOUNTAIN VISTA WATER COMPANY

UTILITY PLANT IN SERVICE

- 303 Land and Land Rights
- 304 Structures and Improvements
- 307 Wells and Springs
- 309 Supply Mains
- 311 Pumping Equipment
- 320 Water Treatment Equipment
- 330 Distribution Reservoirs and Standpipes
- 331 Transmission and Distribution Mains
 - 331-1 Distribution Mains (Cost)
 - 331-2 Accum Depr. Dist. Mains
- 333 Services
 - 333-1 Services (Cost)
 - 333-2 Accum. Depr. Services
- 334 Meters and Meter Installations
 - 334-1 Meters (Cost)
 - 334-2 Accum Depr. Meters
- 339 Other Plant and Miscellaneous Equipment
 - 339-1 Other Plant (Cost)
 - 339-2 Accum Depr. Other Plant
- 340 Office Furniture and Equipment
 - 340-1 Office Equipment (Cost)
 - 340-2 Accum Depr. Office Equipment

Q Mountain Vista

P. O. Box 4930
Quartzsite, AZ 85359

Exhibit B - Compliance Item Decision #72394 Chart of Accounts - Definitions

Fixed Assets:

- 101 Utility Plant in Service. This account is the control account for plant accounts 301-348. This account includes the original cost of the utility plant owned.
- 108 Accumulated Depreciation - Utility Plant in Service. This account reflects the depreciation and amortization accumulated on the plant.
- 121 Non-Utility Property. This account includes all property and other assets owned by the utility, but not used in providing water service (land and buildings not used in water operations). Additionally, an appropriate subdivision of this account would include utility assets transferred to "non-operative" status.
- 122 Accumulated Depreciation - Non Utility. This account reflects the depreciation and amortization accumulated on property not used in utility operations.

Current and Accrued Assets:

- 131 Cash. This account includes the amount of cash on hand and on deposit in the bank.
- 141 Customer Accounts Receivable. This account includes amounts due from customers for utility service.
- 143 Accumulated Provision for Uncollectible Accounts--Cr. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto.
- 151 Plant Material and Supplies. This account includes the cost of materials and supplies on hand, purchased for use in plant construction or repair work. Inventories of materials and supplies will be taken annually and the necessary adjustments will be made to bring this account into agreement with the actual quantities on hand.
- 174 Miscellaneous Current and Accrued Assets. This account includes the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included.

Capital Accounts:

- 215 Retained Earnings. This account will be credited/charged with net income/net losses and accounting adjustments associated with correction of errors attributable to a prior period.

Liabilities:

- 231 Accounts Payable. This account includes all amounts payable by the utility within one year, which are not provided for in other accounts.
- 232 Notes Payable. This account includes the face value of all notes and other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue.
- 235 Customer Deposits. This account includes all amounts deposited with the utility by customers as security for the payment of bills.
- 236 Accrued Taxes. This account includes all taxes accrued or payable by the utility including property taxes, payroll taxes, withholding taxes, and corporate taxes.

Exhibit B - Compliance Item Decision #72394
Chart of Accounts - Definitions

- 237 Accrued Interest.. This account includes the amount of interest accrued but not matured on all liabilities of the utility.
- 241 Miscellaneous Current and Accrued Liabilities. This account includes the amount of all other current and accrued liabilities not provided for elsewhere.

Water Utility Plant Accounts:

- 303 Land and Land Rights. This account includes the cost of land, rights of way and easement used in water operations. This is a non-depreciable account.
- 304 Structures and Improvements. This account includes the cost in place of structures and improvements used in connection with source of supply, pumping, water treatment, transmission and distribution and general plant.
- 307 Wells and Springs. This account includes the cost installed of wells and springs used as a source of water supply.
- 309 Supply Mains. This account includes the cost installed of supply mains and their appurtenances.
- 311 Pumping Equipment. This account includes the cost of electric and other types of pumping equipment.
- 320 Water Treatment Equipment. This account includes the cost of equipment used in treatment of water.
- 330 Distribution Reservoirs and Standpipes. This account includes the cost of reservoirs, storage tanks, hydro pneumatic tanks and standpipes used in storing water for distribution.
- 331 Transmission and Distribution Mains. This account includes the cost installed of water mains, including valves, fittings, shut-offs, etc., between the water source and customer's service.
- 333 Services. This account shall include the cost installed of service pipes leading from the water main to the customer's premises.
- 334 Meters and Meter Installations. This account includes the cost of meters, devices and appurtenances attached, used for measuring the quantity of water delivered to users, whether actually in service or held in reserve. It also includes the cost of labor employed, materials used and expenses incurred in connection with the original installation of a customer's meters and devices and appurtenances.
- 339 Other Plant and Miscellaneous Equipment. This account includes the cost installed of all other intangible, source of supply and pumping, water treatment and transmission and distribution plant not provided for in the preceding accounts.
- 340 Office Furniture and Equipment. This account includes the cost of office furniture and equipment owned and used by the utility (computers, copiers, etc.).

Operating Income Accounts:

- 400 Operating Revenue. This is the revenue control account which totals the accounts credited to revenue accounts 460 through 474 for water systems.
- 401 Operating Expenses. This is the operating expense control account which totals the amounts charged to operating expenses accounts 601 through 675 for water systems.
- 403 Depreciation Expenses. This account is charged with depreciation credited to account 108-Accumulated Depreciation of Utility Plant In Service.

Exhibit B - Compliance Item Decision #72394
Chart of Accounts - Definitions

- 408 Taxes Other Than Income. This accounts include the amount of ad valorem, gross revenue taxes, state unemployment taxes, federal excise taxes, social security taxes, and all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, except income tax.
- 409 Income Taxes. This account includes the amounts of local, state, and federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes.

Other Income and Deduction Accounts:

- 419 Interest and Dividend Income. This account includes interest revenues on securities, special deposits, tax refunds, and all other interest bearing assets.
- 421 Non Utility Income. This account includes all income not includible in operating revenue accounts 460 through 474 or in account 419.
- 426 Miscellaneous Non Utility Expenses. This account includes all expenses other than expenses of utility operation and interest expense. This account includes depreciation of Non Utility Plant.
- 427 Interest Expense. This account is charged all interest expense of the utility. The contra credit to entries in this account are charged to account 237 Accrued Interest.

Water Operating Revenue Accounts:

- 460 Unmetered Water Revenue. This account includes the net billing for water supplied where the charge is not dependant in any way on the quantity of water delivered but based on diameter of service pipe or other similar unit.
- 461 Metered Water Revenue. This account includes the billing for measured water supplied where the total charge is dependent on the quantity of water delivered. This account includes all revenues under service classifications plus an additional charge dependent on the quantity of water delivered.
- 474 Other Water Revenues. This account includes revenues derived from water operations not includible in any of the preceding accounts (establish service, reconnect, etc.).

Water Operation and Maintenance Expense Accounts:

- 601 Salaries and Wages. This account includes the compensation (salary, bonus, and other consideration of services) paid or accrued to the employees of the utility company.
- 610 Purchased Water. This account shall include the cost at the point of delivery of water purchased for resale.
- 615 Purchased Power. This account includes the cost of all electric power expense incurred by the utility.
- 620 Materials and Supplies. This account includes all materials and supplies used in the operation and maintenance of the water system, other than materials and supplies charged to account 636 - Contractual Services - Other.
- 621 Office Supplies and Expense. This account includes all supplies and expenses incurred by the utility to maintain an office for billing, accounts payable, accounts receivable, financial statements, and information regarding the day to day operation of the utility.

Exhibit B - Compliance Item Decision #72394
Chart of Accounts - Definitions

- 630 Contractual Services - Meter Reading. This account includes the costs associated with billing customers for water services that are not performed by employees of the utility.
- 631 Contractual Services - Professional. This account includes the cost of accounting, legal and engineering if such work is not performed by employees of the utility.
- 635 Contractual Services - Testing. This account includes cost paid to outside laboratories for water testing as required by ADEQ.
- 636 Contractual Services - Other. This account includes the cost of operation and maintenance work not performed by utility employees (water operator, repairs).
- 640 Rents. This account includes those costs associated with the rental of buildings, real property and equipment, except for the rental of automobiles and trucks.
- 650 Transportation Expenses. This account includes all truck, auto, construction equipment, and other vehicle expense chargeable to utility operations.
- 655 Insurance Expense. This account shall include all insurance costs applicable to the accounting period, including workman's compensation, liability, vehicle, fire and theft or robbery insurance. Prepaid insurance is charged to account 174 - Misc. Accrued Assets.
- 665 Regulatory Commission Expenses. This account includes all expenses incurred by the utility in connection with formal cases before regulatory commissions.
- 670 Bad Debt Expense. This account is charged with amounts sufficient to provide losses from uncollectible utility revenues. Concurrent credits are made to account 143 Accumulated Provision for Uncollectible Accounts.
- 675 Miscellaneous Expenses. This account includes all expenses not includible in other operating expense accounts.